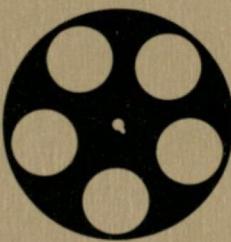


W.O.W. Financial
Info. Annual
Report, 1967
DISNEY COLLECTION
DOES NOT CIRCULATE

DISNEY COLLECTION
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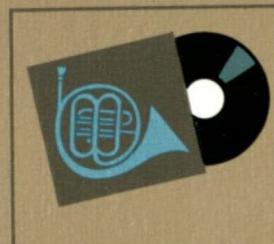
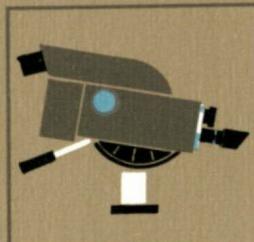


WALT DISNEY
PRODUCTIONS



ANNUAL REPORT

TO SHAREHOLDERS AND EMPLOYEES | FISCAL YEAR ENDED SEPTEMBER 30, 1967



TOMORROW BEGINS

Building on the
Living Legacy of
Walt Disney



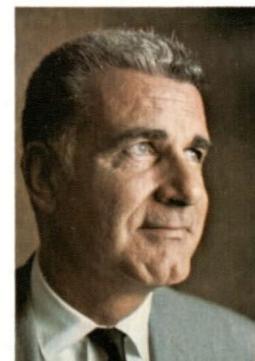
S. CLARK BEISE
*Chairman Executive Committee,
Bank of America*



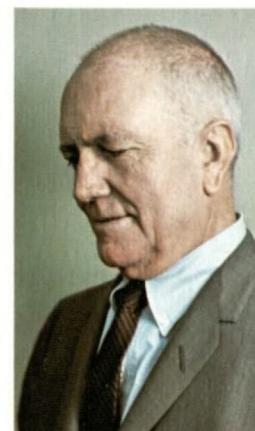
GEORGE L. BAGNALL
President — George Bagnall and Associates



DONN B. TATUM*
*Executive Vice President-
Administration and Vice
Chairman of the Board*



E. CARDON WALKER*
*Executive Vice President-
Operations*



WILLIAM H. ANDERSON
*Vice President-
Production and Studio
Operations*

BOARD OF DIRECTORS



GORDON E. YOUNGMAN
*Senior Partner,
Youngman, Hungate
and Leopold*



RONALD W. MILLER
Producer



ROY E. DISNEY
Producer



*Member Executive Committee.

TODAY



ROY O. DISNEY*
President and Chairman of the Board

This past year has been one of great transition in the history of Walt Disney Productions. For the first time since its founding in 1923, our company has been without its chief creative force, Walt Disney.

It was natural, of course, that the world should wonder, "Where does Walt Disney Productions go from here?", now that Walt is no longer with us.

Walt Disney was not only a dreamer whose visions — like Disneyland — came true. He was a creative *planner*, and the projects Walt planned reached five, ten, even twenty years ahead. Walt's biggest dream, our enormous Florida project, will take many years to complete in its entirety. The conception envisioned by Walt is truly wonderful, and one that will give our company many years of diversified growth.

These projects are the living legacy of Walt Disney. In embarking on these great projects of tomorrow, we begin today with the strongest foundation Walt Disney Productions has ever had. Walt left us not only at the peak of our financial prosperity, but also at the peak of our creative planning for these future projects. And he left us well supplied with the most important element for progress, the creative manpower to accomplish the goals he had set.

Our administrative management team is also well manned and competent and, in my opinion, well qualified to meet the challenge of the future.

In this Annual Report, we have set out to introduce you to some key members of this Disney team. Their talents are legion, for few companies in the entertainment business have reached as far into so many areas of the growing leisure-time entertainment and recreation field.

Today, while motion pictures remain the core of our business, we look at the marvelous performance of Dis-

neyland as an indication of the potential in the recreation-vacation business. For eight consecutive weeks last summer, Disneyland attendance exceeded the previous one-week attendance high established in 1966. Both July and August, 1967, exceeded the previous one-month attendance record, also established in 1966. And for the entire year ended September 30, 1967, Disneyland's attendance totaled a record 7,937,743 guests, far in excess of the former high of 6,704,495, also set in 1966; more than double the attendance of the first full year of operation, 1955-56.

The remarkable record of 1967 at Disneyland was in major part due to long-range planning that began four years ago. Our capital investment of nearly \$60,000,000 in Disneyland from 1965 through 1967 has already begun to pay for itself, in ways that have far exceeded our estimates.

Today, as we plan the vacation-recreation complex for Walt Disney World in Florida, and as we plan our motion pictures for the next few years, we are laying the foundation for the future of Walt Disney Productions. Tomorrow begins today, and today we are investing heavily in the future growth and prosperity of our company.

I speak for the entire Disney organization when I say that we are approaching our work with confidence that we know where we are going and we are determined to go there. Our spirits are high and we have set ourselves to the great challenge — a challenge not just to preserve what Walt Disney built, but to continue building upon the wonderful, priceless living legacy of Walt Disney.

A handwritten signature of Roy O. Disney.

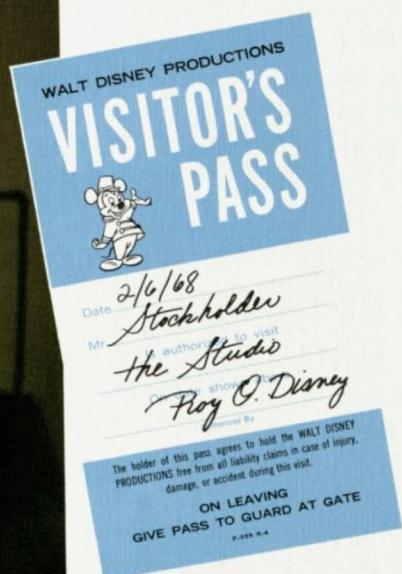
President and Chairman of the Board

1968
...a
look
inside
the
Disney
world



THE STUDIO

*Hub of
the Company*



Ever since the day in 1923 when Walt and Roy formed a company to produce animated films, Walt Disney Productions has been first and foremost a motion picture company.

As the years have passed, of course — with Disneyland growing to international prominence and Walt Disney World in Florida moving forward toward reality — more and more public attention has been focused on the products of Walt Disney Productions outside the motion picture industry.

But the Studio remains the Hub of the Company ... the creative core around which revolve all the major satellites: merchandising activities, the record company, 16mm films for school and industry, publications, comic strips and the international distribution network, Buena Vista. Even Disneyland today, and Walt Disney World tomorrow, rely on the versatility and talents of the Studio, first as the source for many story properties, and second to market the non-film attractions ... often through special films for theatres and television.

Disneyland's 7.9 million "in person" audience for the year is amazing; but it is significant to recall that based on conservative audience research, each year more than 200 million people in nearly 40 nations view a Disney motion picture, and every week more than 100 million people watch a Disney television show somewhere in the world.

Today's Walt Disney Studio is a blend of yesterday and tomorrow. From *yesterday*, the Studio inherits a continuity of key personnel without equal in the entertainment industry. For *tomorrow*, the Studio's key producers, directors, writers and other film craftsmen are now embarked on the motion picture and television products that will bear the



FAMILY BAND:
Producer Bill Anderson with matte artist Alan Maley.

company's name, for the first time, without Walt Disney at the helm.

But the continuity of yesterday and tomorrow is all important: Walt Disney Productions will continue in the same general pattern of production—family motion pictures—that Walt followed so successfully in the past.

To accomplish this goal requires both the story properties and the seasoned personnel to turn basic ideas into film entertainment. Both are present in abundance at the Studio today. These pages will introduce some of these people, and some of the story properties they are now developing for release in 1968 and 1969.



YEAR OF THE HORSE:
Star Dean Jones
and producer
Winston Hibler.

THE PRODUCTION TEAM. Supervising the overall activities of the Studio in motion pictures and television is Card Walker, Executive Vice-President, Operations. Seven key producers, each picked by Walt years ago for the assignments they now continue, are responsible for major film production.

In addition to Card, who has spent 25 years with the company, the seven producers and their tenure with Walt Disney Productions include Bill Anderson, 25 years; Bill Walsh, 24; Winston Hibler, 25; James Algar, 33; Ron Miller, 11; Harry Tytle, 31; and Roy E. Disney, 14. With all their years of experience in the Studio, these seven key producers are still in the prime of their creative years; their average age is 49.

Anderson, also a member of the Board of Directors as Vice-President—Production and Studio Operations, is now in the midst of post-production work on one of the Studio's most ambitious musical comedies, *The One and Only, Genuine, Original Family Band*. With a dozen new tunes by Dick and Bob Sherman and a cast that includes Walter Brennan, Buddy Ebsen, John Davidson, Lesley Ann Warren, Janet Blair and Kurt Russell, it will be one of the company's summer, 1968 releases.



Elected to the Board of Directors in 1960, Anderson has many successful pictures to his credit as co-producer with Walt, including *Swiss Family Robinson*, *Old Yeller*, *The Moon-Spinners* and *The Happiest Millionaire*.

In Bill Walsh, a top writer as well as producer, the Studio has one of the motion picture industry's finest and most productive talents.

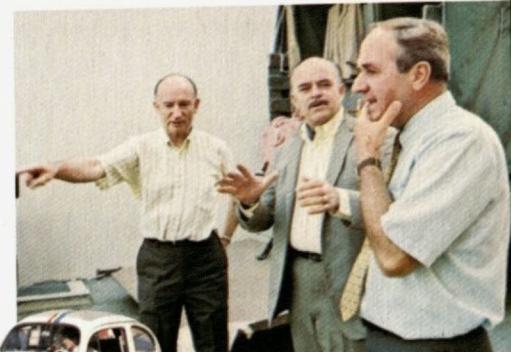
Along with co-writer Don Da Gradi and director Robert Stevenson—the *Mary Poppins* team—Walsh has recently completed the wildly funny *Blackbeard's Ghost*, and is about to begin production on *Boy-Car-Girl*, the wacky story of a has-been race car driver “adopted” by a Volkswagen that happens to be equipped with human intelligence and emotions. It's the kind of successful box-office story Walsh has been helping build for years in such films as *The Shaggy Dog*, *The Absent-Minded Professor*, *Son of Flubber* and *That Darn Cat*.

Next for the Walsh-Da Gradi scripting team will be *Bednobs and Broomsticks*, a musical comedy about a benevolent British witch. With original songs by the Sherman brothers, it promises to have that *Mary Poppins* look about it.

As the year drew to a close, shooting was nearing

CASTING FOR
TV SHOW:
Writer Joe McEveety
and producer Ron
Miller preparing
Michael O'Hara IV.

BOY-CAR-GIRL:
Director Robert
Stevenson, producer
Bill Walsh, writer
Don Da Gradi . . .
and “Herbie,”
the car.



completion on *Year of the Horse*, Winston Hibler's production about a harried advertising executive (Dean Jones) who launches a zany ad campaign to pay for his teen-age daughter's lovable, temperamental jumping horse. For release in 1968, it is "Hib's" 43rd theatrical credit since he joined Disney in 1942 as a story man on cartoon features.

Hibler's distinctive style as narrator for the *True-Life Adventures* is familiar to audiences around the world. Several of his projects have won awards, including the television show *Operation Undersea*, which won an Emmy, and the theatrical documentary, *Men Against the Arctic*, which won an Oscar.

Year of the Horse follows Hibler's co-producer work on *Follow-Me, Boys!*, *The Ugly Dachshund*, *Those Calloways*, *Big Red*, *Nikki*, *Wild Dog of the North* and *Perri*.

When it comes to nature stories — a Disney staple for many years — Jim Algar has perhaps the most impressive credentials in the industry. Most recently co-producer of *The Gnome-Mobile* and *The Incredible Journey*, Algar is now preparing Sterling North's timeless novel, *Rascal*, for production next summer in the green lake country of Wisconsin. It's the poignant and humorous story of a country boy who adopts and grows up with a baby raccoon in small town America.

Algar has been writer, narrator, director and co-producer on 45 motion pictures and TV shows, winning, or sharing in the winning, of 22 awards, including a number of Oscars for such films as *The Living Desert*, *The Vanishing Prairie*, *The African Lion*, *Secrets of Life* and *The Legend of Lobo*.

About the time *Never A Dull Moment*, which he co-produced, reaches the nation's theatres, Ron Miller will be well into production of *A Son-In-Law* for

Charlie McReady. Another in a series of comedies for Miller, this one is the tale of a Hollywood composer who worries about the oddball men his pretty daughter dates — especially when her final choice is a red-bearded "beatnik" type.

A member of the Board of Directors, Miller has co-producer credits on *The Monkey's Uncle*, *That Darn Cat*, *Lt. Robin Crusoe*, *U.S.N.* and *Monkey's Go Home!* Ron's penchant for comedy is also seen in his earlier films, as associate producer for *Bon Voyage*, *Summer Magic*, *Son of Flubber*, *Moon Pilot* and *The Misadventures of Merlin Jones*.

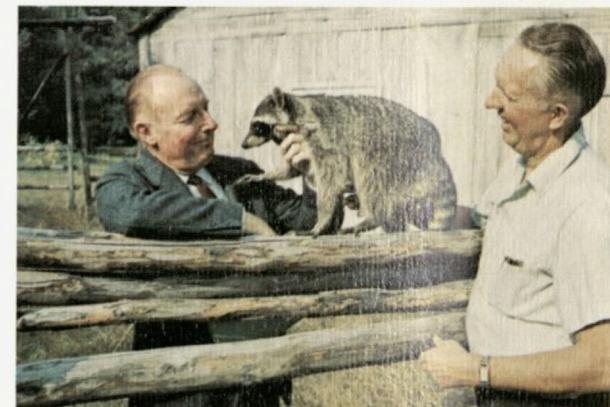
Few people know the Studio more thoroughly than Harry Tytle, who since 1936 has worked in almost every area of production. For the past 10 years, television has been his major assignment. As Walt's personal representative in Europe, he worked on *Miracle of the White Stallions*, *Hans Brinker* and *The Silver Skates*, *The Magnificent Rebel*, *Almost Angels* and *The Waltz King*.

Since 1963, Tytle has been back at the Studio, co-producing such shows as the popular *Disneyland* programs, last spring's *A Salute to Alaska*, and several of this and next season's shows, including the two-part comedy-drama, *Boomerang*, *Dog of Many Talents* for the *Wonderful World of Color*.

Television shows have also been the major works of Roy E. Disney. His forthcoming *Pancho* — the story of a man and his son and their dog, Pancho, set in the 1880 Texas-New Mexico territory — will be a major feature of the 1968-69 season on the *World of Color*. He has also begun work on *The Graysons*, a story about Abraham Lincoln as a young lawyer.

Roy, who was recently elected a member of the Board of Directors, has also co-produced such

RECORDING SESSION:
Composer Buddy
Baker with song-
writers Robert B.
and Richard M.
Sherman.



RASCAL: Producer James Algar with "Rascal" and trainer.





PANCHO: Composer George Bruns and producer Roy E. Disney.



FAMILY BAND: Director Michael O'Herlihy and Lesley Ann Warren.



YEAR OF THE HORSE:
Director Norman Tokar.

STORY CONFERENCE:
Story editor Bill Dover with writers Lowell Hawley, Louis Pelletier, A J Carothers, Marty Roth and Larry Clemmons (l. to r.)



BOOMERANG: Producer Harry Tytle and film editor Norman Palmer.



ARISTOCATS: Co-producer Woolie Reitherman, production stylist Ken Anderson and layout artist Don Griffith.



UPJOHN HEALTH SERIES:
Director Les Clark, producer Ken Peterson and writer Bill Bosche.

shows as *Mysteries of the Deep*, an Academy Award nominee, and for TV, *An Otter in the Family*, *The Legend of El Blanco*, and *My Family is a Menagerie*. He has also shared writing credits in the past for such featurettes as the remarkable *Wonders of the Water World*.

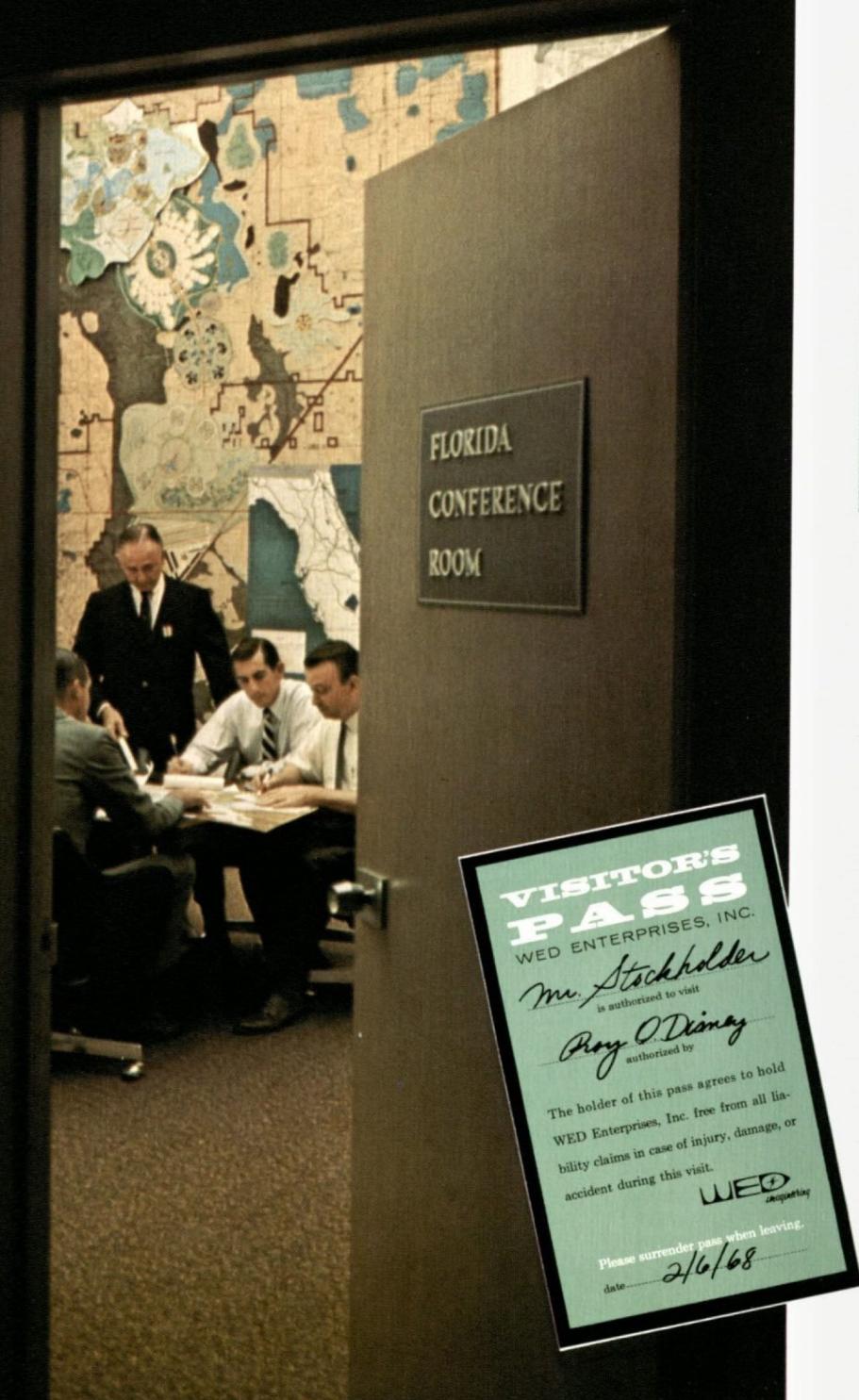
Two other areas of film production are also moving ahead in the Disney tradition.

With *Jungle Book* completed and in release, the motion picture industry's finest animation team is now at work on still another full-length cartoon feature, *The Aristocats*. To be co-produced by Winston Hibler and Woolie Reitherman — a 35 year Disney animation specialist who directed *Jungle Book* — *Aristocats* is the hilarious tale of three felines and their misadventures in the Paris of half a century ago.

Over the years, the Studio has produced many features combining entertainment and education, for use by industry and governmental agencies. A number of these 10 to 15 minute stories are now being produced by Ken Peterson for the Upjohn Company, dealing with various health subjects.

Peterson's unit, which has created widely used films for industry in the past (*The Restless Sea* for the Bell System and *Steel and America* for the American Iron and Steel Institute), is also completing a short entitled *Man and His Family* for The Population Council of New York.

Backed up by many writers, directors, artists, technicians and craftsmen, these key producers are continuing to develop stories and produce motion pictures in the time-honored Disney tradition. We believe that time — and the industry and public — will also honor the work they do, under the banner of the Walt Disney Studio.



PROJECT FLORIDA

*WED Moves into
High Gear for
Walt Disney
World*

"Governor Kirk, members of the Legislature, and fellow citizens of the state of Florida. The ceremony taking place this morning, here in the gardens of your Governor's mansion, will, I hope, serve to call attention to an important new partnership between the people of Florida and all of us at Walt Disney Productions."

The date was May 12, 1967, the speaker Roy O. Disney, and the occasion the signing into law of legislation requested by Walt Disney Productions in connection with the company's vast Florida project, Walt Disney World.

In the long view, the date will surely become one of the most significant in the history of Walt Disney Productions. Roy placed it in perspective when he said that the legislation signed by Governor Claude Kirk would enable the company and the people of Florida, working together, to accomplish the significant objectives of Walt Disney World. Most important, he said, "It will provide a solid legal foundation upon which we will be able to bring to reality the greatest dream of Walt Disney's life."

Basically, the legislation passed by the Florida Legislature provides for a multi-powered improvement district, which will implement the development of the project area — 27,400 acres of land in central Florida, about 15 miles from the city of Orlando — in such important matters as building codes and zoning regulations. The legislation also covers the important field of trade marks, trade names and the like.

With the passage of legislation in mid-1967, the master planning and development of these 43 square miles — twice the size of Manhattan Island — has moved into high gear at WED Enterprises in California and on the site in Florida. In areas that range from design to water control, from story session to soil analysis, from financing to contacts with indus-



LEGISLATION SIGNED: Florida Governor Claude Kirk and Roy Disney at May 12 ceremony.



WATER SPORTS: Bay Lake, already extensive, will be enlarged into three-mile waterway.



THEME PARK SITE: Entire theme park area, near Bay Lake, has been cleared for construction.

try, and from basic research to preparation of the site for actual construction — Walt Disney World is now coming true.

THE PHASING. The project in its entirety will take many years to complete. At its ultimate development, it is planned to include a new amusement theme park similar to Disneyland in California; an entrance and reception complex to receive and welcome all guests; hotel and motel accommodations in "theme resort" settings; facilities for all types of outdoor recreation; a transportation system carrying guests from place to place within Walt Disney World; and the Experimental Prototype City of Tomorrow (EPCOT), where, as Walt Disney said, "People actually live a life they can't find anywhere else in the world today."

The enormous complexities of building an entire city — especially one that will always be a "blueprint for the future" and a perpetual showcase for American free enterprise — will require the cooperation of major American industry and considerable research

and development before it is undertaken as part of the "second phase" of Walt Disney World. However, it has already elicited the interest and enthusiasm of many of America's major corporations; a number have assigned "task forces" to work with WED Enterprises in the determination and development of systems and materials that can be applied in EPCOT.

"Phase One" of Walt Disney World — the entertainment-vacation complex — has a target date for opening in 1971. It is this initial phase in the master planning and physical development of Walt Disney World that the staff of WED Enterprises, and consultant firms of international stature, have now begun. In a strong sense, it is a "coast-to-coast" development.

IN FLORIDA. On the site itself, the work encompasses four major phases: water control, aerial mapping, borings and soils analysis, and preparation of the site for construction.

To develop a water control plan and to prepare



WED PLANNING TEAM: Vice-presidents John Hench and Richard Irvine and designer Marvin Davis, stand at center of theme park.

the entire property for development, Walt Disney Productions caused to be formed in 1966 the Reedy Creek Drainage District, now superseded by, and merged into, the Reedy Creek Improvement District. The District has formulated a court-approved water control plan, now being implemented in actual construction phased contemporaneously with the development of the Florida project.

In its ultimate completion, the water control plan will make highly developable approximately 20,000 acres of the company's land. The balance of the property contains some of the finest aboriginal wilderness and wild life areas in Florida, abundant in exotic growth such as ancient stands of cypress, wild oranges, orchids and other colorful flora and fauna. The natural beauty of these areas, properly enhanced and made accessible, will one day become in itself an attraction.

Two major phases in the master planning and development of Walt Disney World — aerial mapping and soils analysis — are already in an advanced state. With this vital information, WED Enterprises has determined the specific location for the theme park, and for the initial and future theme resorts.

Located in the northern portion of the property, close to Bay Lake, these primary building locations include areas of "high ground" where construction conditions are not unlike those at California's Disneyland; engineers describe the conditions as "quite comparable."

The fourth major aspect of activity in Florida has been the physical clearing and preparation of the various building sites for actual construction. Through November, 1967, more than 200 acres — an area roughly the size of California's Disneyland — had already been cleared; by mid-1968, about 700 acres will have been prepared for construction.

A primary standard that has been set in connec-

tion with site clearance is retention of the natural beauty of the land. In the area now under development, virgin stands of pine, cypress and bay trees rise as tall as 60 to 80 feet; future visitors to Walt Disney World will see many of them in their natural, pristine environment. And that is where master planning enters the picture.

IN CALIFORNIA. Just as they have with Disneyland since its inception in the early 1950's, the staff of architects, designers and engineers at WED Enterprises is planning the proper use of land and water, as well as all the entertainment and recreation attractions, in Walt Disney World. These are the company's *Imagineers*, the professional team Walt formed and built over a period of 14 years. Within the past year, this staff has completed the \$22 million re-development of Tomorrowland, and in a three year period, designed facilities and attractions for Disneyland representing a capital investment of nearly \$60 million.

WED's work on the Florida project ranges from research as basic as determining the total energy requirements for Walt Disney World, to the actual physical design (or approval of every design) for all construction.

In the research that has gone into the master plan for Walt Disney World, WED has called upon the talents and experience of personnel at Disneyland and within the Disney organization; a variety of outside consultants; and the engineers and scientists of some of America's major corporations.

Within the company, for example, 12 years of practical experience at Disneyland has gone into the recommendations from Disneyland's operations, construction and maintenance staffs, and from the company's special Florida Research Group. These recommendations are used as design parameters, and cover a broad range of subjects — capacity



AUDIO-ANIMATRONIC SHOW:
Designers Marc Davis,
Dick Irvine, Claude Coats
and writer X. Atencio
discuss "Bear Band" concept.



LIBERTY STREET: Model makers prepare scale layout of Colonial America "land" planned for Florida theme park. It will feature the Hall of the Presidents show. Photo on next page shows designers John Hench, Vic Green and Bill Martin.



EXPERIMENTAL GROVE: Botanical research area is examined by Card Walker and Disneyland Vice-president Joseph Fowler.



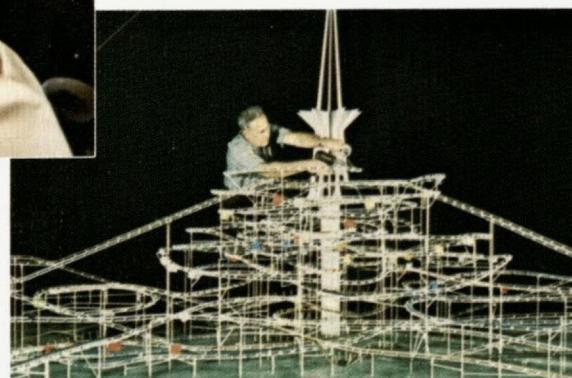
WATER CONTROL: WED engineers John Wise and Don Edgren study plans with Fred Green (left) of consultants Gee & Jenson.



NEW MAPO FACILITY: R & D director Roger Broggie with Bob Booth. MAPO is WED's subsidiary for prototype research.



HALL OF PRESIDENTS SHOW: Sculptor Blaine Gibson creates likeness of Theodore Roosevelt for Liberty Street attraction.



SPACE MOUNTAIN: Four high-speed "rocket sled" tracks will wind inside this structure. Track engineering is so complex it was worked out by computer.



AIRPLANE CONFERENCE: Architect Welton Becket (pointing), planning consultant for theme resort hotels, discusses concepts with Disney team during trip to Florida.

requirements in lodging and food, an analysis of the number and type of accommodations required, transportation needs, a total communications network, and many more.

With these requirements in hand—based on a minimum first-year attendance estimate of 6,000,000 visitors—the WED staff has begun design of a “total vacationland” for the first phase development. In concept, it is a new kind of vacation experience, in which a new and different “theme park” (based upon Disneyland concepts but with many unique attractions of its own), will become *just one of many entertainment and recreation attractions*.

A significant contrast to California’s Disneyland, for example, will be the inter-relationship between the theme park and theme resorts, so that both become part of the same “world.” And while the hotel-resorts will offer convenience of location to the theme park, they will also provide a contrast in design motif, food facilities, and even the type of entertainment presented.

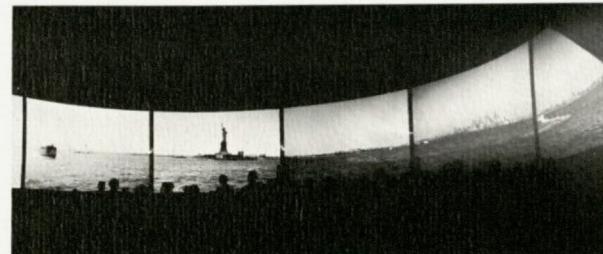
A key to the entire concept now under development at WED is the extension and enlargement of Bay Lake, a natural body of water, into a three-mile waterway dotted with natural and man-made islands. In its new form, it will become the focus of water spectacles and sports, while at the same time retaining its original—often spectacular—beauty.

In essence, then, at its opening in 1971, Walt Disney World will present a complete “Vacation Kingdom”... a place of *entertainment*, crowned by a new and different Disneyland... a place of *recreation*, where land and water sports abound... and a place of *relaxation*, catering to the needs not only of the guest who comes for the day, but planned and oriented around activities and adventures for those who stay here for part or all of their family vacation.



DISNEYLAND





attraction has ever equalled Disneyland's new pirate adventure for plaudits from public and press alike. As *Life Magazine* so accurately praised, it is "the costliest and most technologically sophisticated" adventure ever built; yet "the prospect for profit exceeds anything Blackbeard ever dreamed of."

In the six months since *Pirates of the Caribbean* opened in April, more than four million people have set sail with "the wildest crew that ever sacked the Spanish Main." A cast of 66 pirates "come to life" through WED's remarkable Audio-Animatronic system, attacking and looting and finally burning a Caribbean port, while seafaring guests sail safely through the action aboard flat-bottom boats.

In *Pirates of the Caribbean*, Walt Disney and the WED staff accomplished the supreme example of his definition of WED *Imagineering*: "the blending of creative imagination with technical know-how."

NEW TOMORROWLAND. About the time the four Disney shows at the New York World's Fair were reaching "hit" proportions in mid-summer, 1964, the designers, architects and engineers at WED began preliminary sketches and scale models for an all-new Tomorrowland. The end product opened with a flourish in mid-summer, 1967, when Disneyland unveiled a new \$22 million Tomorrowland.

Symbolized by the first introduction of the WED-way PeopleMover—the WED-designed and pat-

ented system for intermediate speed transportation—the new Tomorrowland is a "world on the move" that features new shows and services sponsored by six of America's major corporations.

The Bell System welcomes visitors into a circular theatre to tour "America the Beautiful" on film, through the medium of the Studio's "Circle-Vision 360" process.

Coca-Cola is the host company at Tomorrowland Terrace, a combination food and live entertainment center that has pioneered new ideas in the pre-preparation and rapid service of quality food.

General Electric continued its association with the "Carousel of Progress," starring 32 Audio-Animatronic performers in a four-act play first introduced at the New York World's Fair. GE also gives guests a peek at the world's biggest animated model city; its overall concept is based on Walt Disney's design for EPCOT.

Goodyear is introducing WED's PeopleMover concept, and all of Tomorrowland, as guests ride aboard the transportation system that runs continuously—even while passengers board and disembark.

McDonnell-Douglas' new "Flight to the Moon" features a close-up view of a space team exploring the lunar surface. On the way to the rocket ship, travelers visit "Mission Control" to see a unique combination of film and Audio-Animatronics portraying pre-blast-off activity in the "spaceport."

Monsanto seats its guests in an "automobile" and sends them through a Mighty Microscope into an "Adventure Thru Inner Space," a science-factual trip through a snowflake into the realm of molecules and atoms.

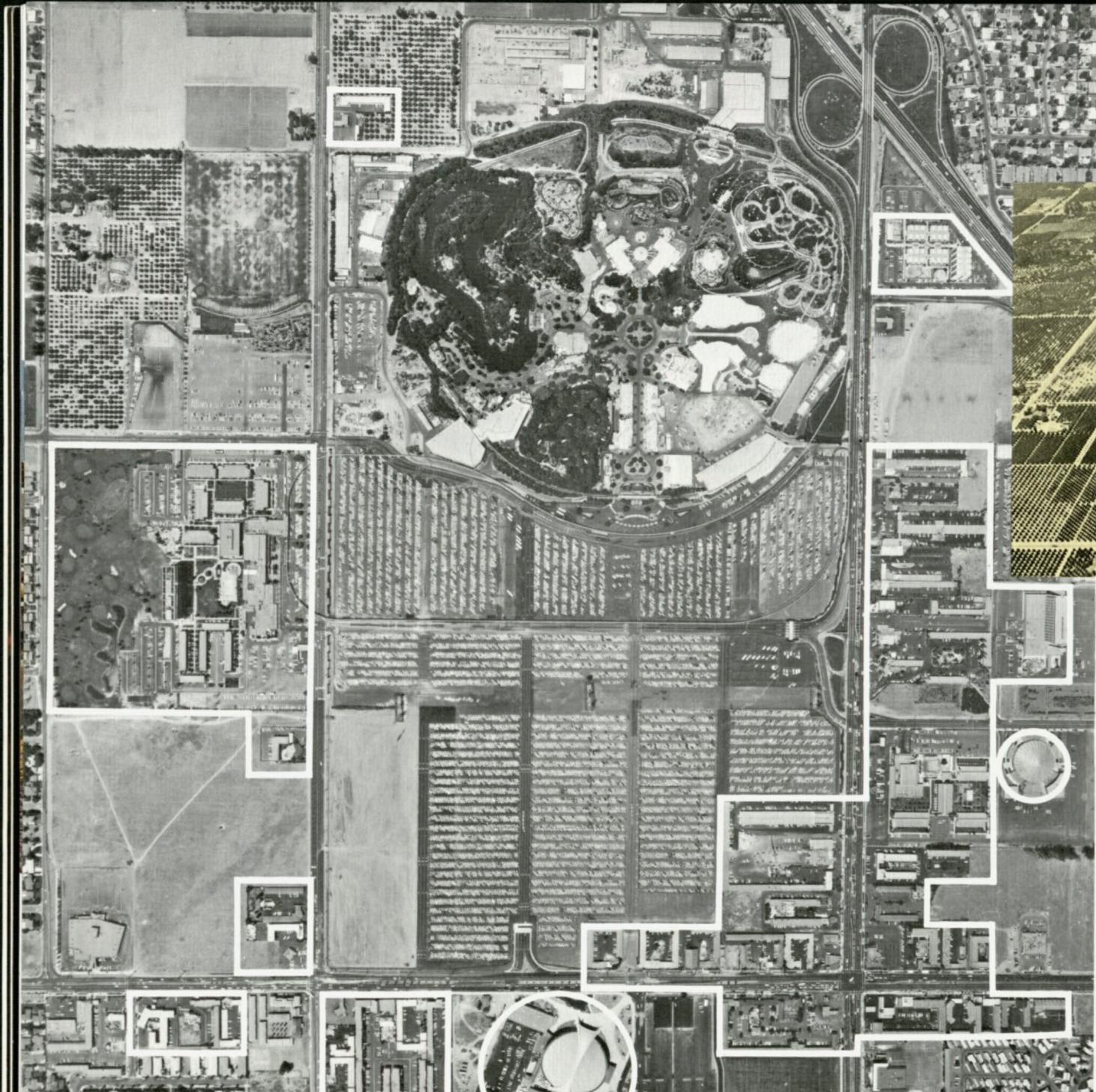
From opening day in July, 1955, Disneyland's total attendance reached 65,969,218 through September 30, 1967.

1967 ATTENDANCE: 7,937,743

The figure alone is staggering, yet its impact grows with comparison. For example:

- ❖ It is more people by 2.6 million than attended all shows at Radio City Music Hall during all of last year.
- ❖ It is more people by 2.7 million than attended National Football league games during the 1966 season.
- ❖ It is more people by nearly 4.1 million than saw "My Fair Lady" during its entire first run on Broadway.
- ❖ It is more people by 6.1 million than visited the Grand Canyon during 1966.
- ❖ And it is almost as many people as the entire 8,011,000 population of New York City. (Imagine all of New York City visiting one place in one year's time.)

The records for 1967 were not limited to Disneyland's 230 acres. To see where else the tourist spent his vacation dollar in the Disneyland area, turn the page.



BELOW: Disneyland's 230 acres and the land surrounding it, filled with orange groves just before construction began in July, 1954.

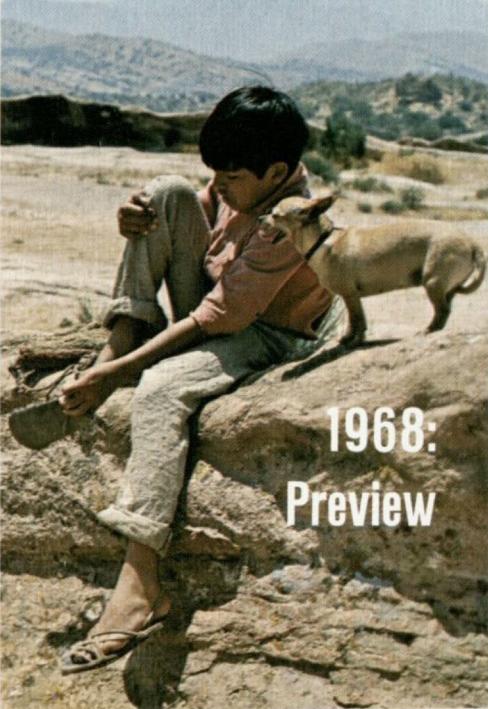
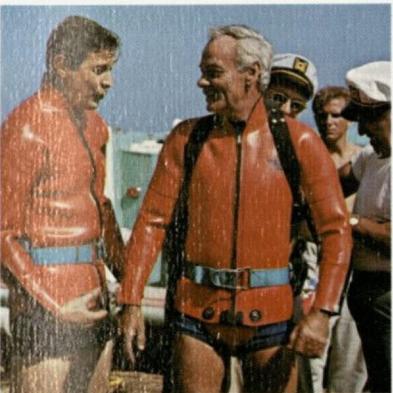
AT THE LEFT: The same area in July, 1967.

Disneyland's economic impact affects nearly every strata of commercial life in Orange County, California.

In one day this past summer, 108,500 people attended activities within one square mile of Disneyland: 66,000 at the Magic Kingdom, 32,000 at Anaheim Stadium (not shown here), 7,500 at the new Anaheim Convention Center (circled below) and 3,000 at Melodyland Theatre (circled at right).

In this photograph, the rectangular outline indicates areas containing service facilities — hotels, motels, restaurants, gasoline stations, etc. — that depend for their livelihood on people drawn here by Disneyland. Today, there are 105 hotels and motels, containing 5,000 rooms, within a five mile radius of Disneyland; in 1954, the same area had four hotels and less than 100 rooms.

During the period 1954-67, this area grew without benefit of a master plan linking the magnet — Disneyland — and the satellite service facilities. The experiences of these years, both problems and solutions, are now being called upon in the master planning of Walt Disney World.



TELEVISION

With all shows completed for the present, 1967-68 season of *Walt Disney's Wonderful World of Color*, Studio production units are hard at work preparing material for the 1968-69 season, which will mark the 15th anniversary for the popular series.

The National Broadcasting Company officially extended the program's contract for next season several months ago, and, as a result, many of the 1968-69 shows have already been completed. Among the year's highlights will be *Boomerang*, *Dog of Many Talents*, a two-part comedy-drama starring Darren McGavin, Patricia Crowley and Darby Hinton; and *Antique Treasure*, an undersea, treasure hunting tale with noted actor James Daly and Roger Mobley, who gained fame as the cub

reporter in the shows of the *Gallegher* series.

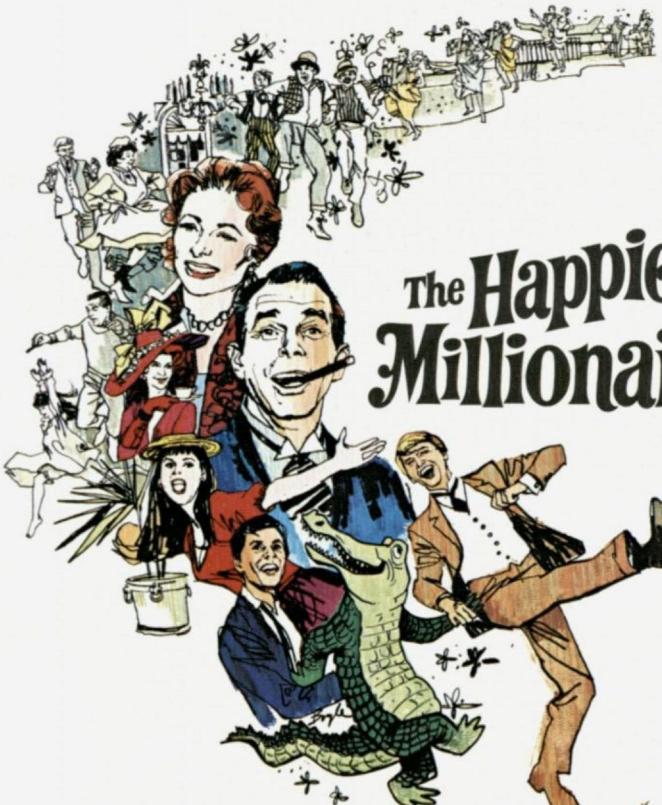
Disney cameramen will cover the animal world in such programs as *Inky the Crow*, *The Feather Farm*, *The Owl That Didn't Give A Hoot*, *Nature's Strangest Oddballs* and *Pancho, Dog of the Plains*. From the realm of animation will come *It's Tough to Be A Bird* and *Japan*, a unique historical treatment about the Land of the Rising Sun.

A number of outstanding programs fill the remainder of the current season. *Pablo and the Dancing Chihuahua* is a two-part adventure about a little Mexican boy and a Chihuahua who cross more than 100 miles of burning desert on foot in search of the boy's lost uncle. Two new episodes of the popular *Gallegher* shows will star Roger Mobley again as

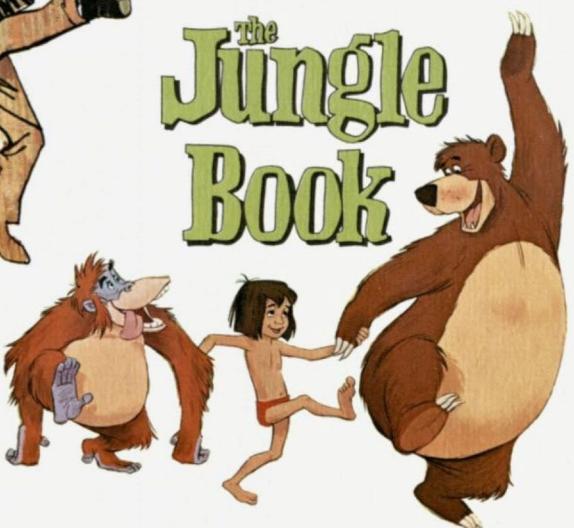
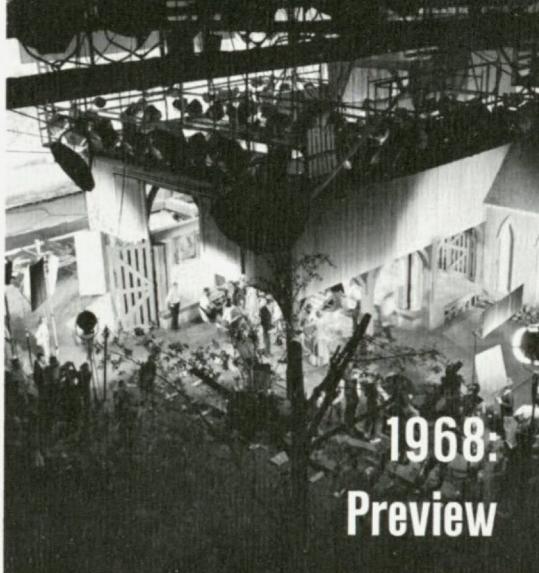


the young, energetic cub reporter who manages to get more than he bargained for whenever he goes after a story.

A humorous animation-live action combination is *The Ranger of Brownstone*, in which roly-poly ranger J. Audubon Woodlore is driven to distraction by some of the zaniest bears ever to steal a picnic basket. Adventure and intrigue fills the two-part *Way Down Cellar*, the story of three boys who accidentally discover a long-forgotten secret tunnel dating back to Revolutionary War days. And *Wild Heart*, filmed on location in the Pacific Northwest, is the tender story of a boy and his sister who find and heal a number of injured wild creatures, and then return the animals to their natural habitat.



January After reserved seat engagements in 18 cities, and the Christmas-season spotlight at Radio City Music Hall, this big, Broadway-style musical goes into general release across the country in January. With Fred MacMurray in the title role, Millionaire also stars Tommy Steele, Greer Garson and Geraldine Page, and establishes Lesley Ann Warren and John Davidson as a popular new romantic team.



Christmas '67 A smash success in Los Angeles (where it opened in October), Jungle Book moved into general release at Christmas with its humor, songs and comical cartoon characters — a swinging safari out of Kipling's classic tales.



MOTION PICTURES

If ever there was a year that exhibited the whole range of Disney-style family entertainment, 1968 is that year. It has comedy — from the all-out-for-laughs *Blackbeard's Ghost* and *Never A Dull Moment* to the funniest of all animated features, *The Jungle Book*. It has one of the Studio's all-time live action favorites from the past, *The Parent Trap*. It has two of the most lavish Disney musical comedies ever to dance and sing across

March The haunting is hilarious as history's arch sea rogue reappears to steal a laugh a minute. In a superb performance, Peter Ustinov is the prankster pirate secure in the knowledge that only Dean Jones (and the audience) can see his devilish deeds. Suzanne Pleshette also stars.



June Here's the perfect tie-in with a presidential campaign year — the story of a feudin', fussin' and fightin' family split between Republican and Democrat in election year 1888. Politics aside, the Family Band unites for a big, outdoor musical, starring Walter Brennan, Buddy Ebsen, John Davidson, Lesley Ann Warren, Janet Blair and Kurt Russell.

the screen — *The Happiest Millionaire* and *The One and Only, Genuine, Original Family Band*. And it has holiday magic for everyone in *Year of the Horse* and the brand new *Winnie the Pooh and the Blustery Day*.

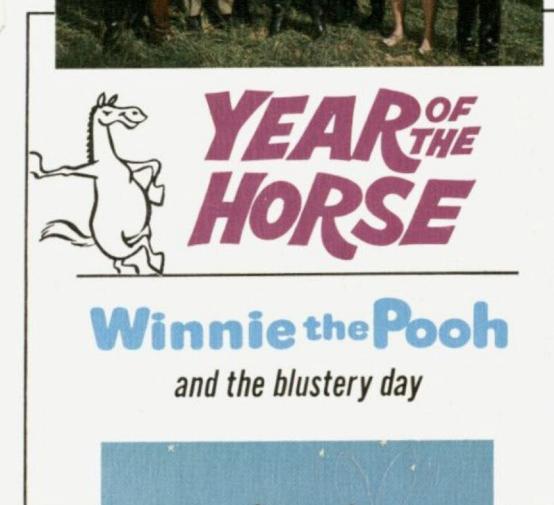
Top-name stars, teen-age favorites, family fare and Disney classics — 1968 has them all, and it promises to be a "typical" Disney year: a box-office hit with adults and children alike.



July Dick Van Dyke is back, and the laughin' is easy. In fact, it's a thrill a minute as Dick hoodwinks a gang of hoods headed by "Joe Smooth" (Edward G. Robinson). Attractive blondes Dorothy Provine and Joanna Moore lend helping hands in the humor.



October In a dual role as wild tomboy Susan and always sheltered Sharon, Hayley Mills is double trouble as she springs *The Parent Trap* on Maureen O'Hara and Brian Keith, in the return of the Studio's most successful family comedy.



Christmas Here's a holiday treat for the entire family. Dean Jones and Diane Baker star in a comedy-romance about horse shows, high society, and a zany advertising campaign. The Studio's second Winnie featurette brings back the popular Pooh and all his A. A. Milne pals.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 30, 1967

Referred to the Committee on Banking and Currency

JOINT RESOLUTION

To provide for the issuance of a gold medal to the widow of the late Walt Disney and for the issuance of bronze medals to the California Institute of the Arts in recognition of the distinguished public service and the outstanding contributions of Walt Disney to the United States and to the world.

Whereas Walt Disney's life personified the American dream as his rags-to-riches story demonstrated that the United States of America remains the land of opportunity; and

Whereas Walt Disney, "the most significant figure in arts since Leonardo," pioneered motion picture cartoon production, spectacular feature films, and created nature studies bringing joy and pleasure to children ages; and

Whereas Walt Disney developed one of the wonders of the modern world, Disneyland, a fabulous park where he

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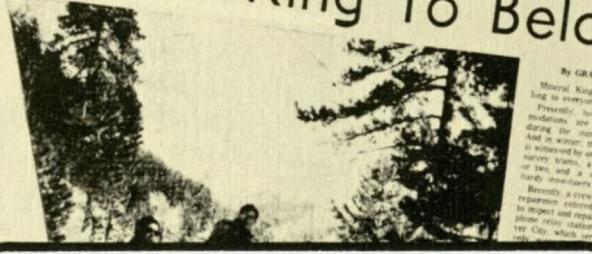
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Mineral King To Belong To Everyone

By GRANT SIMS

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Senate

RECEIANCE OF GOLD MEDAL TO THE
MEMORIAL OF THE LATE WALT
DISNEY

Mr. MURPHY. Mr. President, it is
a great point of pride that I intro-
duced a joint resolution authorizing the
issuance of a posthumous gold medal to
Walt Disney in recognition of
his contributions to the culture of the
United States and to the world.

Mr. MURPHY. Mr. President, it is
a great point of pride that I intro-
duced a joint resolution authorizing the
issuance of a posthumous gold medal to
Walt Disney in recognition of
his contributions to the culture of the
United States and to the world.

Mr. MURPHY. Mr. President, it is
a great point of pride that I intro-
duced a joint resolution authorizing the
issuance of a posthumous gold medal to
Walt Disney in recognition of
his contributions to the culture of the
United States and to the world.

America were treated affectionately and
with love. But it also took the form of
several consultations with the Coordinator
of Inter-American Affairs. The Coordinator
of the present American Affairs of
the State Inter-American Affairs. The
advice of our counsellors were proved invaluable.

Mr. MURPHY. Mr. President, it is
a great point of pride that I intro-
duced a joint resolution authorizing the
issuance of a posthumous gold medal to
Walt Disney in recognition of
his contributions to the culture of the
United States and to the world.

S.J. Res. 65
American man and his rigs-to-ride story
demonstrated that the United States of
the present American Affairs of
the State Inter-American Affairs. The
advice of our counsellors were proved invaluable.

SPECIAL REPORT

Jungle Book sets records

Nationwide release of *The Jungle Book* across the U.S.A. at Christmas was preceded by its first foreign engagement, at the Studio One Theatre in London's West End. By the time its third week was underway, the newest Disney animated classic had broken the boxoffice record — not once, but twice.

On November 18, *Jungle Book* recorded the biggest single day gross in the theatre's history. On December 2, the daily gross established still another new high, topping the two-week-old November 18 record.

The Happiest Millionaire was also off to an auspicious start in its Christmas-season engagement at Radio City Music Hall. In its first week ended December 6, *Millionaire* exceeded the first-week gross of its two Disney holiday predecessors in the same theatre. The second week, incomplete as we go to press, began with another new high when *Millionaire* set a non-holiday Saturday record for the Music Hall.

SPECIAL REPORT

Disney on Parade

From the Orange Bowl to the Cotton Bowl to the Rose Bowl, Walt Disney Productions was almost as dominant on the television screens New Year's Day as the king for the day, football.

At the Tournament of Roses Parade in Pasadena, Helms Bakeries float presented "The Wonderful Worlds of Walt Disney," complete with our characters in flowers, Mickey and the Disneyland Band, while Bank of America saluted "It's A Small World" in a colorful floral display.

At the Cotton Bowl Parade in Dallas, the banks of that city joined together to sponsor a float featuring the Disneyland castle and a variety of cartoon characters.

And at the Orange Bowl, in Miami, "The World of Walt Disney" was the entire parade theme, with Mickey Mouse as Grand Marshal and 10 Disney-themed floats, including one featuring *The Jungle Book*.

It was a big year in general for Disney on parade, with Detroit's Thanksgiving Day show, Chicago's State Street Parade, and St. Louis' "Veiled Prophet Parade" all highlighting familiar Disney subjects.

The New Year's parades alone were viewed by television audiences estimated at nearly 150,000,000 in all.



State Okays Road To Mineral King

Gordon C. Luce, state transportation administrator, told adopting miles of Route 276 and would cost more than \$22 million.

Luce said the state shouldn't have to use public mon-

SPECIAL REPORT

"Blackbeard" and the Olympics

At press time, arrangements were underway for a major premiere in Los Angeles to launch *Blackbeard's Ghost*, and at the same time benefit the United States Olympic Team. The tie-in, of course, is *Blackbeard's* hilarious "track meet," in which Ghost Peter Ustinov — invisible to all except coach Dean Jones — helps the underdog by hindering the favorite.

During the past year, the Studio marketing staff, with an experienced hand from Disneyland's Operations and Special Events Departments, has become the industry's foremost practitioner of the Hollywood art of gala kick-offs for motion pictures.

In all, there were 10 around the country for *The Happiest Millionaire*, each benefiting California Institute of the Arts — Walt's dream of a school of all the arts, whose ground-breaking is now scheduled for this year. And the Los Angeles Zoo Association realized a handsome profit while helping promote the opening of *The Jungle Book* with a unique (for Hollywood) "family premiere" at Grauman's Chinese Theatre.

... our country
informing and educating, knowledge so ably in the delin-
ing at Disneyland Park
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and the California Institute
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college-level institu-
and performing arts
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President, and ask
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The joint resolution
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California Institute of
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THE

PRESIDENT'S
LETTER



PARENT COMPANY

WALT DISNEY PRODUCTIONS

500 So. Buena Vista Street, Burbank, California
Produces motion pictures for theatrical and television distribution—operates Disneyland Park—operates Celebrity Sports Center—conducts ancillary activities.

DOMESTIC SUBSIDIARIES

BUENA VISTA DISTRIBUTION COMPANY, INC.

Irving H. Ludwig—President
Distributes, syndicates and sells only the product of Walt Disney Productions comprised of 35mm theatrical film, 16mm film, television shows and records and albums.

BUENA VISTA INTERNATIONAL, INC.

Edmund F. Clarke—President
Supervises the distribution of Walt Disney Productions 35mm theatrical film, 16mm film and television shows in foreign countries.

WALT DISNEY MUSIC COMPANY

James A. Johnson—President
Music Publishing—ASCAP affiliate.

WONDERLAND MUSIC COMPANY, INC.

James A. Johnson—President
Music Publishing—BMI affiliate.

WED ENTERPRISES, INC., AND ITS SUBSIDIARY
MAPO, INC.

Joseph W. Fowler—Chairman of the Board
Orbin V. Melton—President—Chief Administration Officer
Richard F. Irvine—Vice Chairman of the Board—
Executive Vice President—Chief Operations Officer
John C. Hench—Vice President—Production
Imagineers, creates, designs and fabricates new projects.

WALT DISNEY WORLD CO.

Donn B. Tatum—President
William E. Potter—Vice President—EPCOT Planning
Robert P. Foster—Vice President—General Counsel
Florida Project.

CORPORATE OFFICERS

Roy O. Disney	<i>President and Chairman of the Board</i>
Donn B. Tatum	<i>Executive Vice President—Administration and Vice Chairman of the Board</i>
E. Cardon Walker	<i>Executive Vice President—Operations</i>
William H. Anderson	<i>Vice President—Production and Studio Operations</i>
Joseph W. Fowler	<i>Vice President—Disneyland Operations</i>
Oliver B. Johnston	<i>Vice President—Merchandising</i>
Bonar Dyer	<i>Vice President—Industrial Relations</i>
Spencer C. Olin	<i>Vice President—General Attorney, Talent, Properties, Copyrights and Patents</i>
Richard T. Morrow	<i>Vice President—General Attorney, Corporate, Finance</i>
Nolan Browning	<i>Vice President—Finance—Florida Project</i>
Franklin Waldheim	<i>Vice President and Eastern Counsel</i>
Luther R. Marr	<i>Secretary—Legal</i>
Michael L. Bagnall	<i>Assistant Secretary</i>
Lawrence E. Tryon	<i>Treasurer</i>
Donald A. Escen	<i>Assistant Treasurer and Controller</i>
Richard L. Johnson	<i>Assistant Treasurer</i>
Leland L. Kirk	<i>Assistant Controller</i>

STOCK TRANSFER AGENTS: Bank of America, N.T. & S.A., Los Angeles, California; Bankers Trust Company, New York, N.Y.

STOCK REGISTRARS: United California Bank, Los Angeles, California; First National City Bank, New York, N.Y.

STOCK EXCHANGES: The common stock of the Company is listed for trading on the New York and Pacific Coast Stock Exchanges.

INDEPENDENT ACCOUNTANTS: Price Waterhouse & Co., Los Angeles, California.

ANNUAL MEETING OF STOCKHOLDERS: First Tuesday in February at the offices of the Company, 500 South Buena Vista Street, Burbank, California.

This report is distributed for the information of stockholders and employees of the Company. It is not to be considered either as a prospectus or circular in connection with the purchase and/or sale of securities nor is it to be considered a part of the proxy soliciting material of the Company for the annual meeting of its stockholders.

This has been another very good year for your company. Gross revenues reached a new high for the seventh year in a row, totaling \$117,486,000 as compared to \$116,543,000 for 1966. A dramatically increased attendance at Disneyland boosted revenues from this source by over \$10 million, offsetting a decrease in film rentals.

Net income was \$11,267,000 compared to \$12,392,000 for 1966, which represents \$2.74 per share for 1967 and \$3.08 per share for 1966. The 1967 figures include the non-recurring item of \$900,000 non-taxable net life insurance proceeds equal to 22¢ per share. The per share earnings are expressed in amounts which reflect the two for one stock split effective to stockholders of record on October 26, 1967.

The company disbursed \$23,264,000 in the year just ended for capital asset additions, primarily for the new Tomorrowland area at Disneyland, more fully described in the preceding pages of this report. The coming year we plan capital expenditures, mainly pertaining to our Florida project, of approximately \$17 million. On the Balance Sheet, Disneyland capital additions are included in "Entertainment Attractions and Facilities." However, these assets contribute substantially to current revenues and are a very important source of our working capital although not classified as such because of traditional general accounting practices.

During the summer, negotiations with labor unions at Disneyland were concluded with a three-year contract to February 28, 1970, resulting in annual increases in labor and fringe benefit costs, generally in line with the current pattern of union contract settlements.

The cash dividends of 10¢ quarterly (prior to stock split) paid last year aggregated \$812,000. On January 1, 1967, a 3% stock dividend was paid to stockholders of record November 30, 1966, pur-

suant to which 117,628 shares of common stock were issued (adjusted for stock split). The Board of Directors, at a meeting on November 9, 1967, declared a quarterly cash dividend of 7½¢ per share and a 3% stock dividend payable on January 1, 1968, to stockholders of record on December 6, 1967. This represents a 50% increase in cash dividends.

From 1957 through 1967 net income has amounted to \$67,970,000. The company has made cash dividend payments of \$7,574,000 and stock dividends (including distribution on January 1, 1968) totaling 1,026,436 shares of its common stock (adjusted for stock split), which represented the equivalent of \$25,174,000 based on the market price of the stock on the various dates the stock dividends were declared.

It is likely that a similar dividend policy will continue, but it will be reviewed periodically by the Board of Directors, in light of earnings and other factors. This policy permits the company to retain funds equivalent to the value of the stock dividend for use in the expansion program and allows those stockholders who wish to have the cash to sell the dividend shares on the market. The chart on page 27 illustrates the growth in stockholders' equity through this policy.

In accordance with the authority granted by the shareholders at the last annual meeting, 446 employees have been granted stock options for 397,000 shares, as detailed in Note 6 to the enclosed financial statements. The number of employees involved in this plan emphasizes the scope and depth of the company's staff and serves the dual function of giving recognition and incentive to the large number of key people of all age and operational levels upon whose competence our future prosperity so largely depends.

In a further move to prepare the company for the

great period of expansion that lies immediately ahead, the Board of Directors at a meeting held on November 9, 1967, elected Mr. Donn B. Tatum and Mr. E. Cardon Walker to the newly created positions of Executive Vice President—Administration and Executive Vice President—Operations, respectively. In addition, Mr. Tatum will serve as Vice Chairman of the Board of Directors.

I, personally, have agreed to continue as President, Chairman of the Board and Chief Executive Officer under a new five-year contract with the company.

In his new position, Mr. Tatum will be responsible for the supervision and coordination of the activities of the corporate functional departments and committees such as finance, capital programs, legal, labor and stockholder relations.

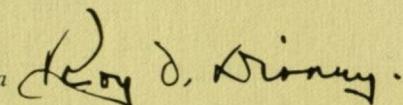
Mr. Walker will be responsible for the supervision of all operating divisions and activities of the company, including production, marketing, Disneyland, the Florida operations, music, merchandising and Celebrity Sports Center.

In further action, the Board of Directors elected Mr. Nolan Browning to the position of Vice President—Finance—Florida Project.

These officers will, of course, report to me as Chief Executive Officer.

Most gratifying to me is the great spirit of confidence and enthusiasm with which our entire organization looks to the future.

December 5, 1967
Burbank, California



President and Chairman of the Board

CONSOLIDATED BALANCE SHEET

ASSETS		Sept. 30, 1967	Oct. 1, 1966
CURRENT ASSETS			
Cash		\$ 4,708,000	\$ 3,417,000
Accounts receivable		4,271,000	2,233,000
Inventories — at the lower of cost or market			
Completed productions — less amortization (note 2)		17,264,000	9,048,000
Productions in process		12,215,000	19,935,000
Story rights and pre-production costs		1,888,000	1,180,000
Merchandise, materials and supplies		3,083,000	2,277,000
Total current assets		43,429,000	38,090,000
ENTERTAINMENT ATTRACTIONS AND FACILITIES — at cost		75,941,000	54,867,000
Less: Accumulated depreciation		(26,349,000)	(21,018,000)
		49,592,000	33,849,000
STUDIO BUILDINGS, EQUIPMENT AND OTHER PROPERTIES — at cost		19,020,000	18,286,000
Less: Accumulated depreciation		(9,204,000)	(7,684,000)
		9,816,000	10,602,000
LAND — at cost (note 3)		11,919,000	11,651,000
OTHER ASSETS			
Patents — at cost less amortization		2,016,000	2,261,000
Investments in foreign subsidiaries not consolidated (note 1)		166,000	166,000
Sundry other assets and deferred charges		1,690,000	1,847,000
		3,872,000	4,274,000
		\$118,628,000	\$98,466,000

See notes to the financial statements on page 25

Walt Disney Productions and Domestic Subsidiaries

LIABILITIES
AND
STOCKHOLDERS
EQUITY

	<i>Sept. 30, 1967</i>	<i>Oct. 1, 1966</i>
CURRENT LIABILITIES		
Instalments due within year on notes payable	\$ 2,540,000	\$ 1,532,000
Accounts payable	5,709,000	6,711,000
Advance under contract	1,000,000	1,000,000
Payroll and employee benefits	2,862,000	2,632,000
Property, payroll and other taxes	2,613,000	2,099,000
Estimated federal income taxes (note 4)	7,294,000	7,205,000
Total current liabilities	<u>22,018,000</u>	<u>21,179,000</u>
UNEARNED DEPOSITS AND RENTALS	<u>1,559,000</u>	<u>2,153,000</u>
LONG TERM LIABILITIES		
Unsecured notes — less current instalment (note 3)	12,500,000	5,000,000
Secured notes — less current instalments (note 3)	1,203,000	1,450,000
Deferred compensation	938,000	961,000
	<u>14,641,000</u>	<u>7,411,000</u>
ESTIMATED DEFERRED FEDERAL INCOME TAXES (note 4)	<u>3,200,000</u>	<u>2,150,000</u>
STOCKHOLDERS EQUITY — per accompanying statement		
Invested capital (note 6)	31,596,000	26,760,000
Accumulated earnings (notes 3 and 6)	45,614,000	38,813,000
	<u>77,210,000</u>	<u>65,573,000</u>
	<u><u>\$118,628,000</u></u>	<u><u>\$98,466,000</u></u>

STATEMENT OF CONSOLIDATED INCOME

	<i>Year Ended</i>	
	<i>Sept. 30, 1967</i>	<i>Oct. 1, 1966</i>
INCOME (note 7)		
Theatrical films	\$ 44,152,000	\$ 55,756,000
Television	7,877,000	7,902,000
Disneyland Park and other entertainment activities	52,396,000	41,466,000
Other — publications, merchandising, music and records	13,061,000	11,419,000
Total income	117,486,000	116,543,000
COSTS AND EXPENSES		
Amortization of theatrical and television production costs (note 2)	13,748,000	10,692,000
Distribution costs — prints, advertising, etc.	19,192,000	21,869,000
Costs of Disneyland Park and other entertainment activities	41,298,000	36,516,000*
Costs applicable to other income	9,381,000	7,977,000
General, administrative and selling expenses	12,316,000	12,805,000
Interest	894,000	1,067,000
Story, pre-production and imagineering costs abandoned	1,990,000	3,125,000*
Estimated federal income taxes (note 4)	8,300,000	10,100,000
Total costs and expenses	107,119,000	104,151,000
INCOME BEFORE NON-RECURRING ITEM	10,367,000	12,392,000
LIFE INSURANCE PROCEEDS (note 8)	900,000	—
NET INCOME FOR THE YEAR	\$ 11,267,000	\$ 12,392,000
PER SHARE (adjusted for stock split and stock dividend)		
Income before non-recurring item	\$2.52	\$3.08
Life insurance proceeds22	—
Net income	\$2.74	\$3.08

*Restated for comparative purposes

See notes to the financial statements on page 25

STOCKHOLDERS EQUITY

	<i>Year Ended</i>	
	<i>Sept. 30, 1967</i>	<i>Oct. 1, 1966</i>
INVESTED CAPITAL (note 6)		
At beginning of year	\$26,760,000	\$22,842,000
Stock dividends — market value of 117,628 and 112,684 shares issued . . .	3,654,000	3,091,000
Stock options — proceeds from exercise of 81,512 and 54,626 shares . . .	<u>1,182,000</u>	<u>827,000</u>
At end of year	<u>31,596,000</u>	<u>26,760,000</u>
 ACCUMULATED EARNINGS (notes 3 and 6)		
At beginning of year	38,813,000	30,283,000
Net income for the year	11,267,000	12,392,000
Dividends paid		
In cash (20¢ per share, on shares outstanding during year)	(812,000)	(771,000)
In stock	<u>(3,654,000)</u>	<u>(3,091,000)</u>
At end of year	<u>45,614,000</u>	<u>38,813,000</u>
 TOTAL STOCKHOLDERS EQUITY	<u><u>\$77,210,000</u></u>	<u><u>\$65,573,000</u></u>
 REPRESENTED BY		
Common shares, \$1.25 par value (note 6)		
Authorized	7,500,000	6,000,000
Issued and outstanding	4,106,644	4,024,730

SOURCES AND USES OF CONSOLIDATED WORKING CAPITAL

	<i>Year Ended</i>	
	<i>Sept. 30, 1967</i>	<i>Oct. 1, 1966</i>
WORKING CAPITAL CAME FROM		
Net income for the year	\$11,267,000	\$12,392,000
Plus non-cash charges to income account		
Depreciation	7,609,000	5,556,000
Patents amortization	245,000	244,000
Deferred compensation	—	153,000
Deferred federal income taxes	1,050,000	325,000
Life insurance proceeds (note 8)	600,000	—
Proceeds from exercise of stock options	1,182,000	827,000
Long term borrowings	<u>10,000,000</u>	<u>—</u>
	<u>31,953,000</u>	<u>19,497,000</u>
WORKING CAPITAL WAS USED FOR		
Additions to plant and equipment		
Entertainment attractions and facilities	21,571,000	16,757,000
Studio buildings, equipment and other properties	1,425,000	5,006,000
Land	<u>268,000</u>	<u>245,000</u>
	<u>23,264,000</u>	<u>22,008,000</u>
Payments on long term borrowings	2,747,000	1,593,000
Cash dividends	812,000	771,000
Other	<u>630,000</u>	<u>(212,000)</u>
	<u>27,453,000</u>	<u>24,160,000</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$ 4,500,000</u>	<u>(\$ 4,663,000)</u>
WORKING CAPITAL AT END OF YEAR	<u>\$21,411,000</u>	<u>\$16,911,000</u>

Opinion of Independent Accountants

To the Board of Directors and Stockholders
of Walt Disney Productions

In our opinion, the accompanying consolidated balance sheet, the related statements of consolidated income and stockholders equity and the statement of sources and uses of consolidated working capital present fairly the financial position of Walt Disney Productions and domestic subsidiaries at September 30, 1967, the results of their operations and the supplementary information on sources and uses of working capital for the year (52 weeks), in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

Los Angeles, California
December 5, 1967

NOTES TO THE FINANCIAL STATEMENTS

Note 1 PRINCIPLES OF CONSOLIDATION

The accounts of domestic subsidiaries, all wholly-owned, have been consolidated in the accompanying financial statements and all significant intercompany transactions have been eliminated.

The accounts of foreign subsidiaries have not been consolidated. These companies produce and distribute pictures, carry on the company's character merchandising business and publish music in various countries. At September 30, 1967, these subsidiaries had total assets of \$2,696,000 and net assets of \$914,000. The company's equity in these net assets exceeded the carrying value of its investments therein by \$748,000. During the year ended September 30, 1967 the net loss of these unconsolidated subsidiaries amounted to approximately \$68,000 and the dividends received from them totaled \$131,000.

Note 2 INVENTORIES AND FILM AMORTIZATION

Costs of completed theatrical and television productions are amortized by charges to income in the proportion that the producer's share of income (less distribution, print, co-producer participation and advertising costs) received by the company for each production bears to the estimated total of such income to be received. Such estimates of total income are reviewed periodically and amortization is adjusted accordingly.

Note 3 LONG TERM LIABILITIES

The unsecured notes comprise a 5 3/4% note in the amount of \$10,000,000 payable on April 15, 1969 and a 5.9% note in the amount of \$3,750,000 payable in annual instalments of \$1,250,000 to 1970. The agreement underlying the \$3,750,000 note requires the company and its domestic subsidiaries to maintain a minimum \$5,000,000 working capital and restricts \$15,726,000 of the accumulated earnings at September 30, 1967 as to payment of cash dividends.

The secured notes are payable in instalments with varying maturities to 1975 with interest payable at rates varying from 4% to 6%. These notes are secured by land costing \$3,412,000.

Note 4 ESTIMATED FEDERAL INCOME TAXES

The Internal Revenue Service has examined the company's income tax returns for fiscal years 1957 through

1962 and has proposed additional assessments, which the company is contesting, generally relating to the timing of certain deductions and the appropriateness of certain tax credits claimed by the company during the periods under examination. Provision has been made in the financial statements for all taxes believed to be payable for all open years.

The "Estimated Deferred Federal Income Taxes" on the accompanying balance sheet represents taxes which will not become payable until some future year as a result of using an accelerated depreciation method for tax purposes and the straight line method for financial statement purposes.

Note 5 PENSION PLANS

The company has a pension plan covering substantially all of its employees not covered separately by various union or industry pension plans. The plan is funded by company and employee contributions to a trust administered by a bank. Contributions by the company for the year of \$412,000 include \$137,000 toward payment of the actuarially computed past service cost under a schedule which will require approximately 20 more years to complete. The schedule was revised this year to give effect to the increased prior service costs resulting from a change which increased by two-thirds the monthly retirement benefits payable under the plan.

The company has no past service liability under the various union and industry plans.

Note 6 STOCKHOLDERS EQUITY

A 3% stock dividend paid to holders of record on November 30, 1966 resulted in a \$3,654,000 transfer from accumulated earnings to invested capital. Subsequent to the year end, a 3% stock dividend was declared to holders of record on December 6, 1967.

A stock split was authorized by the Board of Directors and stockholders whereby each stockholder of record on October 26, 1967 received one additional share of common stock for each share already held on that date. In addition, the par value for all shares was changed from \$2.50 per share to \$1.25 per share. The financial statements at September 30, 1967 have been adjusted to give effect to the stock split.

All stock options existing at the beginning of the year, which were granted in 1962 under a restricted stock option plan, were exercised during the year at prices (adjusted for stock dividends and the stock split) of \$15.06 and \$11.63 per share. Under a new qualified stock option plan approved by stockholders during 1967 options were granted to key executive, management and creative personnel at prices of \$40.78 and \$46.69 per share which prices were 100% of the market value on the dates granted. At year end none of these options were exercisable. Transactions under the plans during the year (adjusted for stock dividend and stock split) were as follows:

	Number of Shares	
	Options Granted	Available for Option
Balance at October 1, 1966	81,512	
Exercised during the year	(81,512)	
Authorized during the year		400,000
Granted during the year	397,000	(397,000)
Balance at September 30, 1967	397,000	3,000

Note 7 METHOD OF ACCOUNTING FOR REVENUE

The company records foreign income at the time of receipt of remittances in United States dollars or at the time of expenditures of foreign currencies abroad for the account of the company. At September 30, 1967 and October 1, 1966, there were at current rates of exchange approximately \$1,726,000 and \$2,386,000 (before co-producer participation, film production cost amortization and income taxes) in foreign countries representing income which has not been recorded as assets or as income in the accompanying statements.

Note 8 LIFE INSURANCE PROCEEDS

Life insurance proceeds of \$1,500,000 were received during the fiscal year under life insurance contracts which the company maintained on Walt Disney. The excess of \$900,000 over the cash surrender value of \$600,000 at October 1, 1966 has been taken into the income account and reported separately as a non-recurring, non-taxable item.

FIVE YEAR REVIEW (000 omitted from dollar amounts except for per share amounts)

FISCAL YEARS ENDED SEPTEMBER 30

1967

1966

1965

1964

1963

OPERATIONS

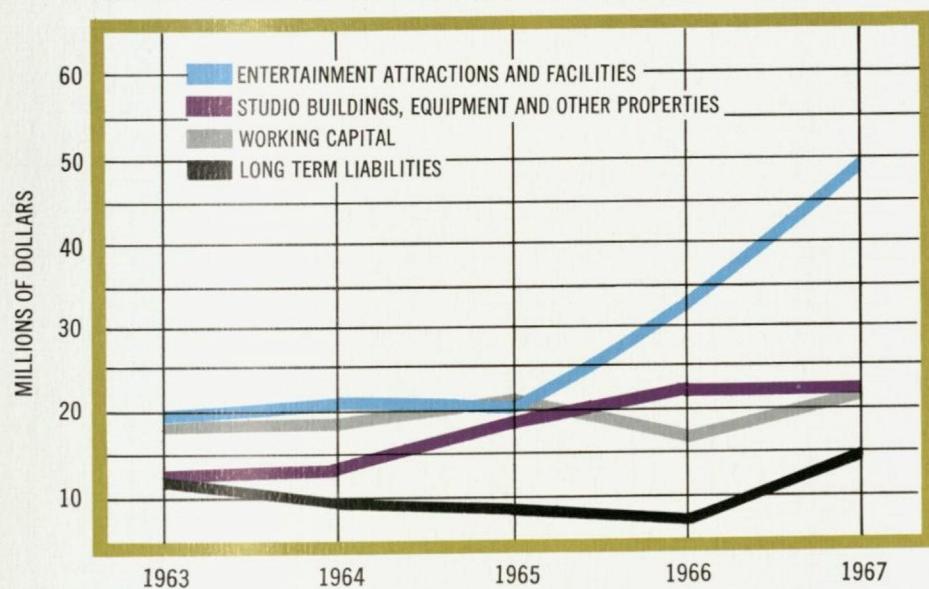
Total income	117,486	116,543	109,947	86,651	81,922
Income before taxes	19,567	22,492	21,529	12,749	12,674
Taxes on income	8,300	10,100	10,150	5,692	6,100
Net income	11,267	12,392	11,379	7,057	6,574
Cash dividends	812	771	737	707	685
Stock dividends	3%	3%	3%	3%	3%
Retained in business	10,455	11,621	10,642	6,350	5,889
Depreciation provision	7,609	5,556	7,324	6,459	3,692
Net income					
Per cent of total income	9.6%	10.6%	10.3%	8.1%	8.0%
Per cent of stockholders equity (beginning of year)	17.2%	23.3%	27.4%	20.2%	22.7%
Per share*	2.74	3.08	2.87	1.81	1.69
Cash dividends per share (on shares outstanding during year)20	.20	.20	.20	.20

YEAR END FINANCIAL POSITION

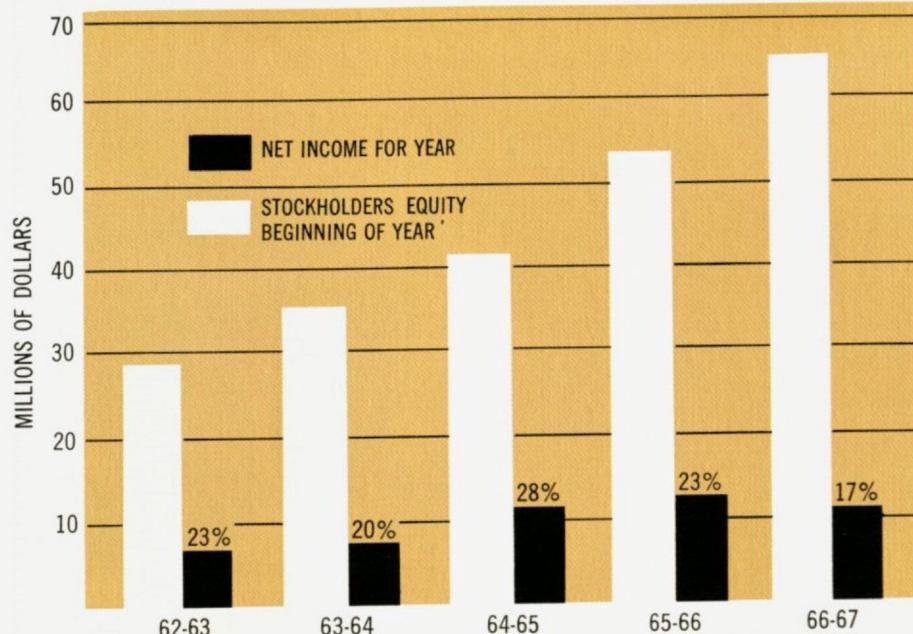
Current assets	43,429	38,090	43,501	31,720	34,326
Working capital	21,411	16,911	21,574	18,221	18,122
Entertainment attractions and facilities	75,941	54,867	45,768	40,615	34,131
Studio buildings, equipment and other properties	19,020	18,286	13,857	13,512	12,162
Accumulated depreciation	35,553	28,702	31,228	26,284	21,590
Total assets	118,628	98,466	88,154	67,883	66,820
Stockholders equity	77,210	65,573	53,125	41,494	34,998
Per share*	18.80	16.29	13.38	10.62	8.98
Number of shares outstanding*	4,107	4,025	3,968	3,900	3,889

*Adjusted for 2 for 1 stock split effective October 26, 1967 and 3% annual stock dividend.

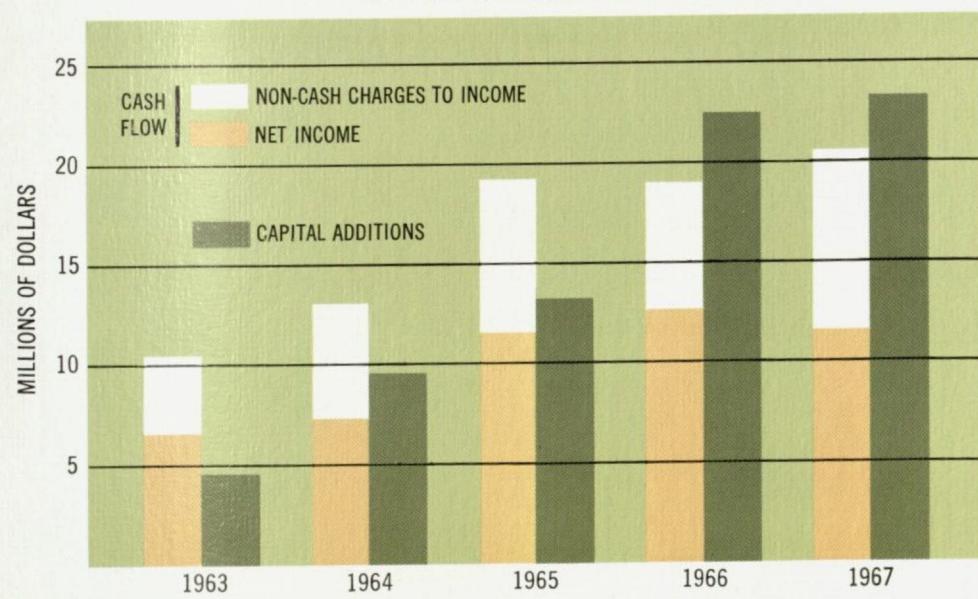
COMPARISON OF PLANT AND EQUIPMENT, WORKING CAPITAL AND LONG TERM LIABILITIES



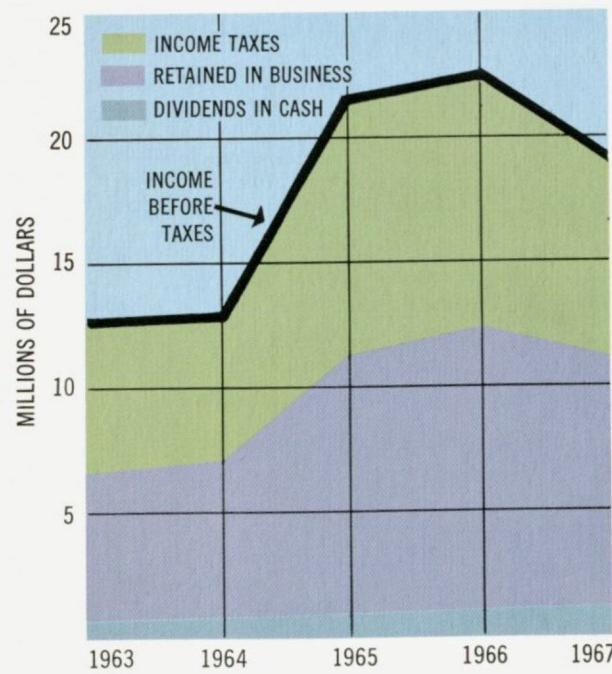
RETURN ON INVESTED CAPITAL



CASH FLOW AND CAPITAL ADDITIONS



DISTRIBUTION OF INCOME







"WHAT'S IN A NAME?" On these pages appear some of the great names in American free enterprise. Their products and services run the gamut of life's individual and corporate needs, from washing machines and TV sets to computers and jet engines.

The similarities of these companies are few, the public "image" and style of each quite different. Yet there is a common bond that links these great corporations. For each has joined hands with Walt Disney Productions to communicate with its customers, ranging from basic consumer to biggest government. In Disneyland and on television, through magazines and newspapers and point-of-purchase displays, in recruiting brochures and on motion picture screens — the magic of the Disney name has reached out and touched the diverse audiences of each of these companies.

The association of Disney and industry has always been in the best tradition of the American free enterprise system. Just as we practice "entertainment at a profit," other companies have profited by association with our entertainment. Our entertainment profits from this association too; for in advertising their products, these major companies keep our name and our products continually before the public.

In terms of size and scope and dollars expended by major corporations to market their association with Walt Disney Productions, 1967 was easily the banner year. These are but a few of the major examples. For today, as in the past, people everywhere continue to **LOOK TO THE NAME WALT DISNEY FOR THE FINEST IN FAMILY ENTERTAINMENT.**

TIMEX



WURLITZER

GLOBAL
VAN LINES INC.

Kodak



ATLANTIC
RICHFIELD
COMPANY

Upjohn



MCDONNELL DOUGLAS



UNITED



Sunkist



The Quaker Oats Company

Carnation

**LINCOLN
SAVINGS
AND LOAN ASSOCIATION**



SPICE ISLANDS



LOOK TO THE NAME *WALT DISNEY* FOR THE FINEST IN FAMILY ENTERTAINMENT

